

Greenbook

LBO Analysis of Enacted Budget

Ohio Department of Medicaid

Nelson V. Lindgren, Economist
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Appropriation Spreadsheet

LBO Greenbook

Ohio Department of Medicaid

Quick look...

- Medicaid is a joint federal-state program that provides health insurance coverage to more than 3.2 million low-income Ohioans, including nearly 1.3 million children.
- As an entitlement program, Medicaid services are guaranteed to those who are eligible.
- At an annual spending of \$31.74 billion in combined federal and state dollars in FY 2021, Medicaid is the largest single state program and accounts for about 4% of Ohio's economy.
 - Medicaid is the largest spending area of the combined state and federal GRF budget and the second largest area (behind K-12 education) in the state-only GRF budget.
- The Ohio Department of Medicaid (ODM) administers Ohio Medicaid with the assistance of the Ohio Department of Developmental Disabilities (ODODD), six other state agencies, and various local partners.
 - About 99% of all-funds expenditures for Ohio Medicaid are disbursed by ODM and ODODD.
 - 100% of all-funds Medicaid service expenditures are disbursed by ODM and ODODD. The other six agencies incur only administrative spending.
- The COVID-19 pandemic has had significant impacts for ODM. During 2020, ODM experienced increases in caseloads, and federal legislation enacted in March 2020 awarded, conditional on meeting several requirements, increased federal Medicaid funding for many services. This funding continued throughout the final months of FY 2020 and the entirety of FY 2021, and is expected to continue for part of FY 2022.

All-Funds Medicaid*	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Agency				
ODM	\$24,836,123,288	\$28,104,501,063	\$31,001,924,101	\$32,188,133,828
ODODD	\$3,061,961,305	\$3,348,949,450	\$3,500,084,549	\$3,691,553,148
Job and Family Services	\$284,240,810	\$242,882,027	\$311,268,535	\$310,749,768
Health	\$36,444,388	\$32,397,104	\$40,287,199	\$40,287,199
Aging	\$7,223,947	\$8,181,760	\$10,265,290	\$10,354,101
Mental Health and Addiction Services	\$3,717,055	\$3,102,285	\$5,298,574	\$5,587,246
Pharmacy Board	\$2,289,275	\$2,267,642	\$2,765,000	\$2,765,000
Education	\$367,416	\$479,862	\$593,478	\$593,478
Grand Total	\$28,232,367,484	\$31,742,761,194	\$34,872,486,726	\$36,250,023,768
ODM Share	88.0%	88.5%	88.9%	88.8%
ODODD Share	10.8%	10.6%	10.0%	10.2%
Expense Type				
Services	\$27,305,174,883	\$30,860,141,281	\$33,580,141,041	\$35,005,337,522
Administration	\$927,192,601	\$882,619,912	\$1,292,345,685	\$1,244,686,246
Grand Total	\$28,232,367,484	\$31,742,761,194	\$34,872,486,726	\$36,250,023,768
Services Share	96.7%	97.2%	96.3%	96.6%
Administration Share	3.3%	2.8%	3.7%	3.4%

*To avoid double counting, the appropriation for line item 651655, Medicaid Interagency Pass-Through, is not included in the Department of Medicaid total. Item 651655 is used to disburse federal reimbursements to other agencies for Medicaid expenditures that they have made.

All-Agency All-Funds*	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Amount (\$ in millions)								
GRF – State	\$5,328.4	\$5,644.2	\$5,003.4	\$5,208.6	\$4,885.6	\$5,356.1	\$5,298.8	\$6,973.3
GRF – Federal	\$11,667.5	\$11,793.2	\$9,479.1	\$9,844.3	\$10,586.3	\$12,738.2	\$10,675.6	\$13,176.7
GRF – Total	\$16,995.9	\$17,437.4	\$14,482.5	\$15,052.8	\$15,471.8	\$18,094.4	\$15,974.4	\$20,150.1
Non-GRF – State	\$2,397.4	\$2,284.1	\$3,357.1	\$3,284.3	\$3,569.3	\$3,158.6	\$4,765.6	\$4,308.2
Non-GRF – Federal	\$5,900.6	\$5,828.7	\$8,503.0	\$8,426.9	\$9,191.2	\$10,489.7	\$14,132.5	\$11,791.8
Grand Total	\$25,293.8	\$25,550.1	\$26,342.7	\$26,764.0	\$28,232.4	\$31,742.8	\$34,872.5	\$36,250.0
Annual % Change	--	1.0%	3.1%	1.6%	5.5%	12.4%	9.9%	4.0%
Share								
GRF – State	21.1%	22.1%	19.0%	19.5%	17.3%	16.9%	15.2%	19.2%
GRF – Federal	46.1%	46.2%	36.0%	36.8%	37.5%	40.1%	30.6%	36.3%
Non-GRF – State	9.5%	8.9%	12.7%	12.3%	12.6%	10.0%	13.7%	11.9%
Non-GRF – Federal	23.3%	22.8%	32.3%	31.5%	32.6%	33.0%	40.5%	32.5%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total GRF Share	67.2%	68.2%	55.0%	56.2%	54.8%	57.0%	45.8%	55.6%
Total Federal Share	69.5%	69.0%	68.3%	68.3%	70.1%	73.2%	71.1%	68.9%

*To avoid double counting, the appropriation for line item 651655, Medicaid Interagency Pass-Through, is not included.

Medicaid Program overview

Medicaid is a publicly funded health insurance program for low-income individuals. It is a federal-state joint program administered by the states and funded with federal, state, and, in some states like Ohio, local revenues. The federal government establishes and monitors certain requirements concerning funding, eligibility standards, and quality and scope of medical services. In Ohio, Medicaid covers 3.2 million low-income adults, children, pregnant women, seniors, and individuals with disabilities each year. Ohio Medicaid is the largest health insurer in the state. It is also the largest single state program with annual spending of more than \$31 billion in combined federal and state dollars in FY 2021. Medicaid accounts for approximately 4% of Ohio's economy. Medicaid services are an entitlement for those who meet eligibility requirements, meaning that if an individual is eligible for the program then they are guaranteed the benefits and the state is obligated to pay for them.

Another federal-state joint health care program, which has been implemented as a Medicaid expansion in Ohio, is the State Children's Health Insurance Program (SCHIP). This program provides health care coverage for children in low- and moderate-income families who are ineligible for Medicaid but cannot afford private insurance.

Ohio's Medicaid Program is among the largest in the nation. It includes coverage for the following:

- nearly 1.3 million children, from birth to age 18;
- approximately 36,000 children in foster care;
- nearly 250,000 senior citizens over the age of 65;
- approximately 700,000 adults eligible through the Medicaid expansion authorized in the Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended; also known as Group VIII) with incomes at or below 133% of the federal poverty level (FPL);
- more than 40,000 individuals residing in nursing facilities; and
- approximately 105,000 individuals on home and community-based waivers.

The federal government requires each state to designate a "single state agency" to administer its Medicaid Program. The Ohio Department of Medicaid (ODM) is the single state agency for Ohio under the federal regulation. As Ohio's single state agency, ODM must retain oversight and administrative control of the Ohio Medicaid Program and assure the federal Centers for Medicare and Medicaid Services (CMS) that federally set standards are maintained. Federal law allows a state's single agency to contract with other public and private entities to manage aspects of the program. ODM administers the program with the assistance of other state agencies, county departments of job and family services, county boards of developmental disabilities, and area agencies on aging. ODM contracts with the following state agencies to administer various Ohio Medicaid programs through interagency agreements:

- Ohio Department of Developmental Disabilities (ODODD);
- Ohio Department of Job and Family Services (ODJFS);
- Ohio Department of Health (ODH);

- Ohio Department of Mental Health and Addiction Services (OhioMHAS);
- Ohio Department of Aging (ODA);
- Ohio Department of Education (ODE); and
- Ohio Board of Pharmacy.

ODODD provides services to disabled individuals through home and community-based Medicaid waiver programs. ODODD also provides services to severely disabled individuals at eight regional developmental centers throughout the state and pays private intermediate care facilities for Medicaid services provided to individuals with intellectual or other developmental disabilities. In addition, ODODD provides subsidies to, and oversight of, Ohio's 88 county developmental disabilities (DD) boards. County boards arrange for more than 95,000 adults and children to receive comprehensive services, which include residential support, early intervention, and family support.

ODJFS provides funding to county departments of job and family services (CDJFSs) to administer Medicaid at the local level and to provide certain transportation services to Medicaid enrollees. Local administrative activities mainly include caseworkers processing eligibility determinations. CDJFSs arrange for various transportation services to be provided to Medicaid enrollees.

ODH works with CMS and functions as Ohio's state survey agency for the certification of Medicare and Medicaid health care providers. In this role, ODH, among other things, surveys and certifies facilities, such as long-term care and residential care facilities and hospitals, participating in the Medicaid Program to ensure compliance with state and federal rules and regulations. ODODD certifies intermediate care facilities for individuals with intellectual disabilities (ICFs/IID) beds. Certification is required for a provider to receive reimbursement from Medicaid.

OhioMHAS works with local boards to ensure the provision of mental health services. Ohio has 50 community behavioral health boards, which serve all 88 counties. The boards are responsible for planning, monitoring, and evaluating the service delivery system within their geographic areas. The local boards contract with local service providers to deliver mental health services in the community.

ODA administers Medicaid programs such as the Pre-Admission Screening System Providing Options and Resources Today (PASSPORT) Medicaid waiver, the Assisted Living Medicaid waiver, and the Program for All-Inclusive Care for the Elderly (PACE).

ODE administers the Medicaid Schools Program, which provides districts with reimbursement for services provided to Medicaid-eligible students and reimburses ODE for the cost of administering the program. These costs include technical assistance and program monitoring to verify federal program mandates and assure program compliance and accountability.

The State Board of Pharmacy uses Medicaid funds for the Ohio Automated Rx Reporting System (OARRS) Integration Initiative, an effort under the State Medicaid Health Information Technology Plan to integrate OARRS directly into electronic medical records and pharmacy dispensing systems across the state. The goal of this initiative is to provide health care providers with information regarding a patient's controlled substance prescription history, support clinician

interventions for patients with high-risk behaviors, and reduce the number of patients who present at multiple prescriber sites to obtain controlled substances.

ODM contracts with CDJFSs to perform eligibility determination and enrollment. Most of these activities are done utilizing an integrated eligibility system, Ohio Benefits, which was implemented on October 1, 2013. Ohio Benefits replaced the old eligibility system known as the Client Registry Information System-Enhanced (CRIS-E). ODM provides technical assistance to counties and assists them to implement eligibility policy.

The enacted budget provides a total appropriation for the Medicaid Program of \$34.87 billion in FY 2022, a 9.9% increase over FY 2021's actual spending of \$31.74 billion, and \$36.25 billion in FY 2023, a 4.0% increase over FY 2022. The breakdowns of the total Medicaid appropriations by agency and by service versus administrative cost can be found on page 1 of this publication. Table 1 below shows the enacted appropriations for Medicaid funding for all agencies by fund group.

Table 1. Medicaid Budget Sources by Fund Group for All Agencies*			
Fund Group	FY 2021	FY 2022	FY 2023
General Revenue Fund	\$18,094,378,631	\$15,974,384,828	\$20,150,074,507
<i>Federal Share</i>	<i>\$12,738,232,027</i>	<i>\$10,675,590,808</i>	<i>\$13,176,728,743</i>
<i>State Share</i>	<i>\$5,356,146,605</i>	<i>\$5,298,794,020</i>	<i>\$6,973,345,764</i>
Dedicated Purpose Fund	\$3,146,676,641	\$4,753,584,493	\$4,295,195,623
Federal Fund	\$10,489,733,186	\$14,132,517,405	\$11,791,753,638
Internal Service Activity Fund	\$9,000,000	\$11,000,000	\$12,000,000
Holding Account Fund	\$2,972,736	\$1,000,000	\$1,000,000
Total	\$31,742,761,194	\$34,872,486,726	\$36,250,023,768

*To avoid double counting, the appropriation for line item 651655, Medicaid Interagency Pass-Through, is not included.

For the FY 2022-FY 2023 biennium, GRF appropriations account for the largest portion (50.8%) of the appropriated funding for the Medicaid Program. About 66.0% of the GRF funding is federal Medicaid reimbursement. Federal funds account for the next largest share of the funding at 36.5%. Federal funds include primarily federal reimbursements for Medicaid services and administrative activities that are not deposited into the GRF.

Dedicated Purpose Funds account for 12.7% of the funding. Sources of these funds mainly include the following:

- Revenue generated from the managed care franchise fee;
- Revenue generated from hospital assessments;
- Revenue generated from nursing home and hospital long-term care unit franchise permit fees;
- Revenue generated from the ICFs/IID franchise permit fee;
- Prescription drug rebate revenue; and

- Recoveries from third-party liabilities.

The revenues from provider taxes (also referred to as franchise fees) are appropriated in ODM and ODODD's budgets. Table 2 below provides revenue that the state collects from the various provider types.

Table 2. Franchise Fee Revenue (\$ in millions)				
Provider Type	FY 2020	FY 2021	FY 2022	FY 2023
Managed Care	\$841	\$942	\$991	\$951
Hospital	\$823	\$1,085	\$931	\$981
Nursing Facility	\$416	\$418	\$415	\$415
ICF/IID	\$43	\$46	\$46	\$46
Total	\$2,123	\$2,491	\$2,383	\$2,393

Note: For FY 2020 and FY 2021, the figures are actuals. For FY 2022 and FY 2023 the figures are estimates by ODM/ODODD.

Federal reimbursement

Table 3 below shows the federal medical assistance percentage (FMAP) received or anticipated to be received by quarter for FY 2018 through FY 2023. The regular FMAP is the amount each state typically receives for providing Medicaid services. It is calculated each year for each state and is based on the state's per-capita income. States with higher per-capita incomes will have lower FMAPs and vice versa. An enhanced FMAP (eFMAP) is provided for certain services, including services provided under SCHIP. Under SCHIP, each state is given an allotment of federal funds. Subject to the availability of funds from the state's allotment, the eFMAP is used to determine the federal share of the cost of SCHIP. Each state's eFMAP is calculated by reducing the state's share under the regular FMAP by 30%. States receive a higher FMAP for services provided to the Group VIII population. The FMAP was 94% in 2018 and 93% in 2019. The FMAP for Group VIII has been 90% since calendar year 2020, and will remain 90%.

The federal Families First Coronavirus Response Act (FFCRA), enacted in March 2020, provides for a temporary increase in FMAP of 6.2 percentage points for certain expenditures incurred after January 1, 2020, and throughout the duration of the COVID-19 emergency.¹ Ohio is eligible for this FMAP increase conditional on meeting the five conditions set in the FFCRA, which are to: (1) maintain eligibility standards or procedures that are no more restrictive than those in place on January 1, 2020, (2) not charge premiums that exceed those in place on January 1, 2020, (3) provide testing, services, and treatments including vaccines, specialized equipment, and therapies related to COVID-19 without cost-sharing requirements, (4) provide continuous coverage to individuals enrolled onto the program during the emergency period, and (5) not

¹ The increased FMAP is available for each calendar quarter occurring during the emergency. The U.S. Secretary of Health and Human Services declared COVID-19 an emergency on January 31, 2020. Thus, the increase is available for qualifying expenditures incurred on or after January 1, 2020, through the end of the quarter in which the emergency ends.

require local political subdivisions to pay a greater portion of the nonfederal share of expenditures than was required on March 11, 2020. Thus, Ohio's increased federal fiscal year (FFY) 2021 FMAP under the FFCRA, conditional on meeting these conditions, is approximately 69.8%. For whatever portion of FFY 2022 Ohio continues to receive increased FMAP under the FFCRA, again conditional on meeting the above conditions, the increased FMAP will be approximately 70.3%. As of the beginning of FY 2022, ODM has received guidance from the federal government that implies the increased FMAP will be available through at least December 2021.

Table 3. Federal Match Rates, FY 2018 Quarter 1-FY 2023 Quarter 1*						
Fiscal Year	FY Qtr.	Regular FMAP	SCHIP	FFCRA FMAP	FFCRA SCHIP	Group VIII
2018	1	62.32%	96.62%	N/A	N/A	95.00%
2018	2	62.78%	96.95%	N/A	N/A	95.00%
2018	3	62.78%	96.95%	N/A	N/A	94.00%
2018	4	62.78%	96.95%	N/A	N/A	94.00%
2019	1	62.78%	96.95%	N/A	N/A	94.00%
2019	2	63.09%	97.16%	N/A	N/A	94.00%
2019	3	63.09%	97.16%	N/A	N/A	93.00%
2019	4	63.09%	97.16%	N/A	N/A	93.00%
2020	1	63.09%	97.16%	N/A	N/A	93.00%
2020	2	63.02%	85.61%	N/A	N/A	93.00%
2020	3	63.02%	85.61%	69.22%	89.95%	90.00%
2020	4	63.02%	85.61%	69.22%	89.95%	90.00%
2021	1	63.02%	85.61%	69.22%	89.95%	90.00%
2021	2	63.63%	74.54%	69.83%	78.88%	90.00%
2021	3	63.63%	74.54%	69.83%	78.88%	90.00%
2021	4	63.63%	74.54%	69.83%	78.88%	90.00%
2022	1	63.63%	74.54%	69.83%	78.88%	90.00%
2022	2	64.10%	74.87%	70.30%	79.21%	90.00%
2022	3	64.10%	74.87%	N/A	N/A	90.00%
2022	4	64.10%	74.87%	N/A	N/A	90.00%
2023	1	64.10%	74.87%	N/A	N/A	90.00%

*All references to FY refer to state fiscal year, unless federal fiscal year is specifically stated.

ODM budget summary

Appropriations

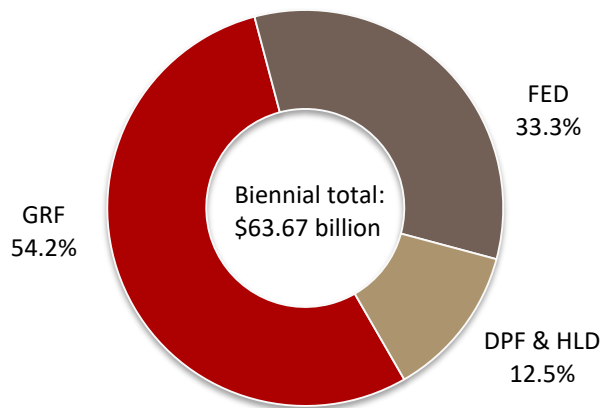
Appropriations by fund group

The enacted budget provides a total appropriation for ODM of \$31.24 billion in FY 2022 and \$32.43 billion in FY 2023. Table 4 and the chart below show the enacted appropriations by fund group.

Table 4. Enacted Appropriations by Fund Group for ODM*				
Fund Group	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
General Revenue Fund (GRF)	\$14,741,419,399	\$17,426,610,987	\$15,205,022,441	\$19,290,613,222
<i>Federal Share</i>	<i>\$10,586,261,762</i>	<i>\$12,738,232,027</i>	<i>\$10,675,590,808</i>	<i>\$13,176,728,743</i>
<i>State Share</i>	<i>\$4,155,157,637</i>	<i>\$4,688,378,960</i>	<i>\$4,529,431,633</i>	<i>\$6,113,884,479</i>
Dedicated Purpose Fund (DPF)	\$3,162,715,366	\$2,746,524,057	\$4,234,399,493	\$3,713,010,623
Federal Fund (FED)	\$7,093,019,307	\$8,142,151,582	\$11,803,194,367	\$9,425,202,183
Holding Account Fund (HLD)	\$839,671	\$2,972,736	\$1,000,000	\$1,000,000
Total	\$24,997,993,743	\$28,318,259,361	\$31,243,616,301	\$32,429,826,028
% Change	--	13.3%	10.3%	3.8%
<i>GRF % Change</i>	<i>--</i>	<i>18.2%</i>	<i>-12.7%</i>	<i>26.9%</i>

*The appropriation for line item 651655, Medicaid Interagency Pass-Through, is included in the Department of Medicaid's total. Again, item 651655 is used to disburse federal reimbursements to other agencies for Medicaid expenditures that they have made. In the "Overview" section, which details all agency Medicaid spending, this is not included to avoid double counting.

ODM Budget Sources by Fund Group
FY 2022-FY 2023



As shown in the chart above, appropriations from the GRF make up a majority of the funding for ODM for the biennium at 54.2%. The GRF appropriations include the Medicare Part

D clawback payments,² and the state share for Medicaid expenditures. The GRF appropriations also include federal grant amounts (federal reimbursement) for Medicaid service expenditures.

The Federal Fund Group accounts for the next largest portion of funding for ODM at 33.3%, which includes federal reimbursement for Medicaid payments for both service and administrative expenditures. The Dedicated Purpose Fund Group and Holding Account Fund Group together account for 12.5%, with the Holding Account Fund Group individually accounting for less than 0.01%.

² The clawback is a monthly payment made by each state to the federal Medicare Program. The amount of each state's payment roughly reflects the expenditures of its own funds that the state would have made if it continued to pay for outpatient prescription drugs through Medicaid on behalf of dual-eligibles.

Major initiatives for the FY 2022-FY 2023 biennium

Table 5 below provides a list of the FY 2022-FY 2023 biennial budget initiatives, the start date, and the overall fiscal impact on Ohio's Medicaid Program for each. Following the table is a brief description of each initiative. Along with the description is the impact on All-Funds appropriations as well as state share GRF appropriations.

Due to the impacts of the COVID-19 pandemic, the ODM budget focuses on maintaining and improving the quality of care received by Ohioans as the COVID-19 pandemic and recovery continues. The budget also seeks to continue progress in completing priority policy initiatives approved in the prior biennium's operating budget, H.B. 166 of the 133rd General Assembly. Several of the major initiatives listed in the table were impacted by Governor DeWine's line-item vetoes. For the affected initiatives, the vetoes are mentioned in the major initiatives explanations following Table 5, and further explained in the subsequent section "**Vetoed provisions.**"

Table 5. FY 2022-FY 2023 Biennium Major Initiatives (\$ in millions)					
Initiative Number	Initiatives	FY 2022 State Share	FY 2022 All Funds	FY 2023 State Share	FY 2023 All Funds
1	Continuing Nursing Facility Quality	\$56.0	\$170.0	\$61.0	\$170.0
2	Nursing Facility Quality Rate Increase	\$8.2	\$25.0	\$44.9	\$125.0
3	Nursing Facility Rebasing	\$41.2	\$125.0	\$44.9	\$125.0
4	HCBS Provider Rate Increase*	\$6.8	\$14.8	\$14.4	\$42.7
5	Adult Day Care Provider*	\$1.7	\$5.0	\$1.8	\$5.0
6	Priority Populations ³	\$10.5	\$37.7	\$10.5	\$37.7
7	Pharmacy Supplemental Dispensing Fee ⁴	\$5.0	\$18.8	\$10.2	\$35.1
8	Medicaid Coverage of Women Postpartum	\$4.0	\$15.0	\$4.0	\$15.0

*The earmarks for these appropriation amounts were vetoed or partially vetoed by the Governor. However, the funds were not removed from the budget, and the Governor's veto message states that ODM still plans to use the funds for these increases.

1. Continue Nursing Facility Quality

H.B. 110 provides \$170.0 million all funds (\$56.0 million state share) in FY 2022 and \$170.0 million all funds (\$61.0 million state share) in FY 2023 to, in conjunction with the repeal of the existing quality payment statutes, reestablish a quality incentive payment to eligible nursing

³ This initiative is funded by DPF and Federal funds. Therefore, the state share is in non-GRF.

⁴ This initiative is funded by DPF and Federal funds. Therefore, the state share is in non-GRF. The earmarks for these appropriation amounts were vetoed by the Governor. However, the funds were not removed from the budget, and the Governor's veto message states that ODM still plans to use the funds for these purposes.

facilities as part of their Medicaid payments. The payment amount is based on the score the facility receives for meeting certain quality metrics regarding its residents who have resided in the nursing facility for at least 100 days (long-stay residents). With certain adjustments, a nursing facility's quality score is the sum of the total number of points that CMS assigned to the nursing facility under its nursing facility five-star quality rating system, based on the most recent four-quarter average data in its Nursing Home Compare. In addition to making adjustments to the methodology of calculating these quality incentive payments, H.B. 110 extends the payments from FY 2021 through FY 2023. Under former law, the payments were scheduled to end after FY 2021.

Several portions of this initiative were vetoed by the Governor, which excluded nursing facilities listed in specific tables from receiving a quality incentive payment.

2. Nursing Facility Quality Rate Increase

H.B. 110 provides \$25.0 million all funds (\$8.2 million state share) in FY 2022 and \$125.0 million all funds (\$44.9 million state share) in FY 2023 to fund an increase to the quality rate described above. These add-on amounts in each fiscal year are to be in addition to the continuation funding described above.

3. Nursing Facility Rebasing

H.B. 110 provides \$125.0 million in each fiscal year (\$41.2 million state share in FY 2022 and \$44.9 million state share in FY 2023) for nursing facility rebasing, and requires ODM to pay nursing facilities based on the rebasing calculations in the following order: (1) direct care costs, (2) ancillary and support costs, and (3) tax costs. ODM must prorate the rebasing determinations as necessary to stay within the allotted \$125.0 million in each fiscal year.

4. HCBS Provider Rate Increase

H.B. 110 provides \$14.8 million all funds (\$6.8 million state share) in FY 2022 and \$42.7 million all funds (\$14.4 million state share) in FY 2023 to increase payment rates for home and community-based services (HCBS) providers. As is discussed further in **"Vetoed provisions"** the Governor vetoed the provisions of the budget which specified the percentage increases. However, the funding remained in the budget despite the veto, and according to the Governor's veto message, ODM is expected to still implement the increases.

5. Adult Day Care Provider

H.B. 110 provides funding for an increase in payment rates for adult daycare providers in each fiscal year of the FY 2022-FY 2023 biennium. As is discussed further in **"Vetoed provisions"** the Governor vetoed a \$5.0 million earmark for the increased payments and the requirement for ODM to establish a methodology to implement the rate increases. However, the funding remained in the budget despite the earmarking veto, and according to the Governor's veto message, ODM is expected to still implement the increases.

6. Priority Populations

The budget establishes the Ohio Invests in Improvements for Priority Populations (OIPP) Program, and specifies a dedicated purpose fund and line item to fund the state share of the

program. The OIPP Program will be a directed payment program regarding inpatient and outpatient hospital services provided to Medicaid managed care enrollees. Under the OIPP Program, state university-owned hospitals with fewer than 300 beds, instead of through their contracted Medicaid managed care organization, will be eligible for direct payments for inpatient and outpatient services provided to Medicaid managed care enrollees. Additionally, participating hospitals in the OIPP Program will be required to remit to ODM via intergovernmental transfer the nonfederal share of payment for those services for which they receive payment under the OIPP Program. H.B. 110 appropriates \$10.5 million in each fiscal year to DPF Fund 5XY0, the Hospital Directed Payment Program Fund, line item 651694, to fund the state share of the OIPP Program, and increases appropriations for corresponding federal shares in federal Fund 3F00 line item 651623, by \$27.2 million each fiscal year.

7. Pharmacy Supplemental Dispensing Fee

H.B. 110 provides funding (state share of \$5 million in FY 2022 and \$10.15 million in FY 2023 plus the corresponding federal shares) for a supplemental dispensing fee for retail pharmacies under the care management system. The budget also requires ODM to adjust the supplemental dispensing fees if federal Medicaid statutes or regulations reduce the amount of federal funds ODM receives for the supplemental dispensing fee. The Governor vetoed portions of the supplemental dispensing fee language, which is discussed further in “**Vetoed provisions.**” Despite the specific earmarking of this provision being vetoed, the funding remains in the budget, and according to the Governor’s veto message, ODM is expected to continue the supplemental dispensing fee program.

8. Medicaid Coverage of Women Postpartum

H.B. 110 provides for Medicaid coverage to be extended to pregnant women for the maximum postpartum period permitted under federal law, instead of for 60 days after giving birth. ODM will need to apply for a Medicaid State Plan Amendment or seek for a waiver to extend this coverage. The federal American Rescue Plan Act of 2021 established an option under which states may extend Medicaid coverage for pregnant women for one year after giving birth. H.B. 110 provides funding of \$15.0 million all funds (\$4.0 million state share) in each fiscal year for this extended coverage.

Vetoed provisions

The governor vetoed or partially vetoed several provisions impacting ODM. These provisions are discussed below.

Nursing facility quality improvement payments

The Governor partially vetoed a provision which excluded nursing facilities listed in three specific tables from receiving a quality incentive payment for FY 2022 or FY 2023.

Medicaid managed care organization procurement

The Governor vetoed provisions which required ODM to, when contracting with Medicaid managed care organizations (MCOs), include contracts with organizations that:

1. Are domiciled in Ohio, including their parent entities;
2. Are currently Medicaid MCOs; and
3. Have a proven history of quality and customer satisfaction, as reported by ODM's Medicaid Managed Care Plans Report Card and the National Committee for Quality Assurance (NCQA) Medicaid health insurance ratings.

The Governor additionally vetoed provisions which required the contracted MCOs to participate, at minimum, in the areas of Ohio where they were already providing services.

The Governor also vetoed a provision that would have exempted from these requirements a behavioral health managed care plan selected to assist ODM in implementing the Ohio Resilience Through Integrated Systems and Excellence (OhioRISE) Program for children and youth involved in multiple state systems or children and youth with complex behavioral health needs.

Adult daycare and HCBS waiver rates

The Governor vetoed a \$5.0 million earmark in each fiscal year to provide rate increases for the adult daycare services under the PASSPORT, Ohio Home Care, MyCare, and Assisted Living waivers. The increase would have applied to both Medicaid waiver-funded and state plan-funded providers. ODM would have been required to establish a methodology for this rate increase to stay within the earmark.

The Governor further vetoed provisions that would have increased the payment rates for (1) private duty nursing, (2) nursing, (3) home health aide, (4) personal care, (5) home care attendant and homemaker, (6) assisted living, (7) speech therapy, (8) occupational therapy, and (9) physical therapy under the PASSPORT, Ohio Home Care, MyCare, and the Assisted Living waiver for waiver- and state plan-funded providers. The payment rates would have been increased by 4% in FY 2022 from the rates in effect on June 30, 2021, and by 2% in FY 2023 from the rates in effect on June 30, 2022. These provisions included (and the veto did not impact) budget increases of \$14.8 million all funds (\$6.8 million state share) in FY 2022 and \$42.7 million all funds (\$14.4 million state share) in FY 2023.

The Governor's veto did not impact any of the appropriation increases to fund these rate increases, but rather vetoed the specific language setting the earmark amounts and percentage increase amounts for these rate increases. The Governor's Veto Message states that ODM will

support and implement all of these rate increases, but that the specific language and earmarking would hinder the efforts of the Department to do so.

Pharmacy supplemental dispensing fee

H.B. 110 requires ODM to establish a supplemental dispensing fee for retail pharmacies under the care management system. The Governor vetoed a provision which required the supplemental dispensing fee levels to be based on the ratio of Medicaid prescriptions compared to total prescriptions a pharmacy location fills and the number of pharmacy locations participating in the care management system in the geographic area, as determined by ODM.

The Governor additionally vetoed the specific earmarks of \$5 million in FY 2022 and \$10.15 million in FY 2023 in DPF Fund 5DLO line item 651639, Medicaid Services – Recoveries, and corresponding federal shares from FED Fund 3F00 line item 651623, Medicaid Services – Federal, for the supplemental dispensing fees. The Governor’s Veto Message states that ODM will continue the tiered pharmacy supplemental dispensing fee, but that the specific language and earmarking would hinder the efforts of the Department to carry out the portions of this provision which are left intact.

Analysis of FY 2022-FY 2023 budget

This section provides an analysis of the enacted budget's funding for each appropriation line item (ALI) in ODM's budget. For organizational purposes, these ALIs are grouped into three major categories based on their funding purposes. The analysis for an ALI with a lower category or subcategory designation will appear before that for an ALI with a higher category or subcategory designation. That is, the analysis for an ALI with a category designation of C1:8 will appear before the analysis for an ALI with a category designation of C2:1 and the analysis for an ALI with a category designation of C1:3 will appear before the analysis for an ALI with a category designation of C1:8.

To aid the reader in locating each ALI in the analysis, the following table shows the category in which each ALI has been placed, listing the ALIs in order within their respective fund groups and funds. This is the same order the ALIs appear in the MCD section of the budget bill.

In the analysis, each appropriation item's expenditures for FY 2021 and appropriations for FY 2022 and FY 2023 are listed in a table. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation. If the appropriation is earmarked, the earmarks are listed and described.

Categorization of ODM's Appropriation Line Items for Analysis of FY 2022-FY 2023 Budget				
Fund	ALI	ALI Name		Category
General Revenue Fund Group				
GRF	651425	Medicaid Program Support – State	2	Medicaid Administration
GRF	651426	Positive Education Program Connections	1	Medicaid Services
GRF	651525	Medicaid Health Care Services	1	Medicaid Services
GRF	651526	Medicare Part D	1	Medicaid Services
GRF	651529	Brigid's Path Pilot	1	Medicaid Services
GRF	651533	Food Farmacy Pilot Project	1	Medicaid Services
Dedicated Purpose Fund Group				
4E30	651605	Resident Protection Fund	2	Medicaid Administration
5AN0	651686	Care Innovation and Community Improvement Program	1	Medicaid Services
5DL0	651639	Medicaid Services – Recoveries	1	Medicaid Services
5DL0	651685	Medicaid Recoveries – Program Support	2	Medicaid Administration
5DL0	651690	Multi-system Youth Custody Relinquishment	1	Medicaid Services
5FX0	651638	Medicaid Services – Payment Withholding	1	Medicaid Services
5GF0	651656	Medicaid Services – Hospital Franchise Fee	1	Medicaid Services
5R20	651608	Medicaid Services – Long Term	1	Medicaid Services
5SA4	651689	Medicaid Health and Human Services	1	Medicaid Services
5TN0	651684	Medicaid Services – HIC Fee	1	Medicaid Services
5XY0	651694	Improvements for Priority Populations	1	Medicaid Services

Categorization of ODM's Appropriation Line Items for Analysis of FY 2022-FY 2023 Budget				
Fund	ALI	ALI Name		Category
6510	651649	Medicaid Services – Hospital Care Assurance Program	1	Medicaid Services
Holding Account Fund Group				
R055	651644	Refunds and Reconciliation	1	Medicaid Services
Federal Fund Group				
3ER0	651603	Medicaid Health and Transformation Technology	2	Medicaid Administration
3F00	651623	Medicaid Services – Federal	1	Medicaid Services
3F00	651624	Medicaid Program Support – Federal	2	Medicaid Administration
3FA0	651680	Health Care Grants – Federal	2	Medicaid Administration
3G50	651655	Medicaid Interagency Pass Through	3	Transfers

Category 1: Medicaid Services

This category of appropriations provides funds for all Medicaid services, including payments for Medicaid providers, prescription drugs, long-term care services, as well as managed care capitation payments.

C1:1: Positive Education Program Connections (ALI 651426)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 651426, Positive Education Program Connections	\$2,500,000	\$2,500,000	\$0
% change	--	0.0%	-100.0%

This GRF line item is used for the Positive Education Program Connections in Cuyahoga County. The program helps support young people whose mental health issues impact their daily life.

C1:2: Medicaid Health Care Services (ALI 651525)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 651525, Medicaid Health Care Services	\$16,897,026,748	\$14,548,812,079	\$18,540,178,346
% change	--	-13.9%	27.4%

This GRF line item is used to reimburse health care providers for covered services to Medicaid recipients and to make managed care capitation payments. The federal earnings on the payments made from this line item are deposited as revenue into the GRF. Spending within this line item generally can be placed into one of several major service categories: managed care

plans, nursing facilities (NFs), hospital services, behavioral health, aging waivers, prescription drugs, physician services, Home Care waivers, and all other care.

The funding levels for this line item is based on (1) an increased Medicaid caseload projection, and (2) the decision to shift Medicaid payments to the Dedicated Purpose Fund 5SA4 line item 681659, Medicaid Health and Human Services. The impact of the COVID-19 pandemic on Medicaid caseloads began to show in March 2020. In 2019, Medicaid caseloads remained largely flat, declining about 5,000 per month on average. However, from March 2020 through the end of FY 2021, caseloads increased by 27,300 cases per month on average. The growth in caseloads is a result of an increase in the number of new applications and approvals and the suspension of routine redeterminations of eligibility. Under the FFCRA, states receive an increased FMAP. However, a state had to maintain eligibility standards or procedures that were in place on January 1, 2020.

H.B. 110 earmarks up to \$5.0 million in state share appropriations in each fiscal year to be transferred at the request of the ODM Director between this GRF appropriation item and appropriation items in the Department of Health for the purposes of lead abatement activities. The budget also permits the ODM Director to seek approval of the Controlling Board for transfers in excess of \$5.0 million in state share appropriations in each fiscal year for the same lead abatement purposes. For any transfers which do occur, the budget permits the Office of Budget and Management (OBM) Director to adjust corresponding federal shares and allows the ODM Director to transfer any necessary federal funds.

Further, H.B. 110 earmarks \$2.5 million in state share appropriations in each fiscal year to be transferred between this GRF line item in the ODM budget and GRF line item 655522, Medicaid Program Support – Local, in the ODJFS budget. The budget requires for the transfer of these \$2.5 million, and authorizes up to \$2.5 million more to be transferred between the same line items, at the request of the ODM Director. For all transfers that occur, the act requires the OBM Director to adjust the appropriate federal appropriations, and sets rules and criteria for both ODM and ODJFS regarding the uses of the transferred funds.

Additionally, H.B. 110 requires the transfer of \$1.2 billion of the remaining FY 2021 GRF balance into Fund 5SA4 for use by Medicaid in the FY 2022-FY 2023 biennium. Accordingly, H.B. 110 appropriates \$900 million in FY 2022, and \$300 million in FY 2023 for the Dedicated Purpose Fund 5SA4 line item 681659. This helps offset the Medicaid expenditure in GRF line item 651525, especially for FY 2022. According to OBM, the majority of the funding source for the \$1.2 billion transfer is the lump sum payment for the additional federal reimbursement.

C1:3: Medicare Part D (ALI 651526)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 651526, Medicare Part D	\$386,919,013	\$494,158,753	\$590,346,922
% change	--	27.7%	19.5%

This GRF line item is used for the phased-down state contribution, otherwise known as the clawback payment, under the Medicare Part D requirements contained in the federal

Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003. The clawback is a monthly payment made by each state to the federal Medicare Program. The amount of each state's payment roughly reflects the expenditures of its own funds that the state would have made if it continued to pay for outpatient prescription drugs through Medicaid on behalf of dual-eligibles (individuals eligible for both Medicare and Medicaid).

H.B. 110 allows the Director of Budget and Management to transfer the state share of appropriations between GRF line item 651525 and this item.

C1:4: Brigid's Path Pilot (ALI 651529)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 651529, Brigid's Path Pilot	\$500,000	\$1,000,000	\$1,000,000
% change	--	100.0%	0.0%

This line item is used by ODM to distribute funds to the Brigid's Path Program in Montgomery County. The program provides inpatient medical care for drug-exposed newborns.

C1:5: Food Farmacy Pilot Project (ALI 651533)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 651533, Food Farmacy Pilot Project	\$500,000	\$250,000	\$250,000
% change	--	-50.0%	0.0%

This line item is used by ODM to distribute funds to the Akron Canton Regional Foodbank to provide comprehensive medical, nutrition, and lifestyle support for food-insecure patients with chronic diseases and their families.

C1:6: Care Innovation and Community Improvement Program (ALI 651686)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5AN0 ALI 651686, Care Innovation and Community Improvement Program	\$71,406,291	\$84,195,790	\$82,970,165
% change	--	17.9%	-1.5%

This line item is used to provide funding for the state share of the Care Innovation and Community Improvement Program (CICIP). Funding for this line item comes from the Care Innovation and Community Improvement Program Fund (Fund 5AN0). Any nonprofit hospital affiliated with a state university or public hospital agency may participate in the program if the agency operates a hospital that has a Medicaid provider agreement. Under the program, each

participating agency receives supplemental payments under the Medicaid Program for physician and other professional services that are covered by Medicaid. However, the participating agency is responsible for the state share of costs. CICIP is ramping up its payment in FY 2022, which accounts for the funding increase of 17.9%.

C1:7: Medicaid Services – Recoveries (ALI 651639)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5DL0 ALI 651639, Medicaid Services – Recoveries	\$398,859,227	\$552,500,000	\$615,150,000
% change	--	38.5%	11.3%

This line item is used by ODM to pay for Medicaid services and support. The Health Care/Medicaid Support and Recoveries Fund (Fund 5DL0) provides funding for this line item. The major revenue sources for Fund 5DL0 are prescription drug rebates, Institutions for Mental Diseases Disproportionate Share (IMD DSH), third-party liability, hospital settlements, and other recoveries. The drug rebate revenue is shared by the state and the federal government based on the FMAP. As the FMAP increases, the state share of the drug rebate revenue decreases. Because of the 6.2 percentage point increase in the FMAP, the expenditure for this line item was lower in FY 2021 and will remain lower in FY 2022 before returning to a more typical level in FY 2023.

C1:8: Multi-system Youth Custody Relinquishment (ALI 651690)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5DL0 ALI 651690, Multi-system Youth Custody Relinquishment	\$15,422,348	\$16,000,000	\$16,000,000
% change	--	3.7%	0.0%

This line item was created by H.B. 166 of the 133rd General Assembly, and is used to fund programs that serve youth involved with multiple governmental agencies and other innovative approaches that support health care access or result in long-term savings to the state. H.B. 166 expanded the use of the Health Care/Medicaid Support and Recoveries Fund (Fund 5DL0), to include these two activities. H.B. 110 maintains increased funding from the prior biennium in order to continue these priorities. Funding to support Fund 5DL0 comes from a variety of sources including prescription drug rebates, IMD DSH, third-party liability, hospital settlements, and other recoveries.

C1:9: Medicaid Services – Payment Withholding (ALI 651638)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5FX0 ALI 651638, Medicaid Services – Payment Withholding	\$4,658,383	\$12,000,000	\$12,000,000
% change	--	157.6%	0.0%

This line item is used for provider payments that are withheld from providers that change ownership. It is used to transfer the withheld funds to the appropriate fund used by ODM at final resolution. The funds are withheld and temporarily deposited into the Exiting Operator Fund (Fund 5FX0) until all potential amounts due to ODM or the provider reach final resolution.

C1:10: Medicaid Services – Hospital Franchise Fee (ALI 651656)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5GF0 ALI 651656, Medicaid Services – Hospital Franchise Fee	\$886,019,995	\$931,200,000	\$980,800,000
% change	--	5.1%	5.3%

This line item is used to support Hospital Franchise Fee (HFF) programs and provides offsets to Medicaid GRF spending.⁵ The source of funds for this line item is the revenue generated from a hospital assessment. Assessment revenue is deposited into the Hospital Assessment Fund (Fund 5GF0). The assessment is based on a percentage of total facility costs, and is collected over the course of three payments during each year. The assessment rates for each program year (October 1 through September 30) are established in administrative rules.⁶ For the program year ending in 2019, the rate was 2.65%. For the program year ending in 2020, the rate was approximately 3.20%. Future rates are anticipated to be 3.35% for the program year ending in 2021, and 3.37% for the program year ending in 2022, and in each year thereafter.⁷

However, the administrative rule also allows ODM to decrease or increase the assessment rate needed to run the current program year.⁸ ODM calculated on October 5, 2020, that the assessment rate needed to be adjusted for the 2021 program year. An adjustment was made in S.B. 310 of the 133rd General Assembly. The bill provided funding for the rate to be increased to 3.93211%. This resulted in a large expenditure increase in FY 2021 for this line item.

⁵ Ohio Administrative Code (O.A.C.) 5160-2-30.

⁶ The program year for the Hospital Franchise Fee Program begins the first day of October of a calendar year and ending on the 30th day of September of the following calendar year.

⁷ O.A.C. 5160-2-30.

⁸ O.A.C. 5160-2-30(B)(4).

The federal match for expenditures from this line item is made from line item 651623, Medicaid Services – Federal.

C1:11: Medicaid Services – Long Term (ALI 651608)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5R20 ALI 651608, Medicaid Services – Long Term	\$424,242,645	\$415,000,000	\$415,000,000
% change	--	-2.2%	0.0%

This line item is used to make Medicaid payments to nursing facilities. The source of funds for this line item is the franchise fee payments from nursing facilities and long-term care units in hospitals. Ohio Medicaid is required to assess an annual franchise permit fee on each long-term care bed in a nursing home or hospital. The assessment amount is calculated each year at the maximum percentage allowed by federal law (not to exceed 6% of the total estimated net patient revenue). The franchise fee payments are deposited into the Nursing Home Franchise Permit Fee Fund (Fund 5R20).

C1:12: Medicaid Health and Human Services (ALI 651689)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5SA4 ALI 651689, Medicaid Health and Human Services	\$0	\$900,000,000	\$300,000,000
% change	--	N/A	-66.7%

This line item is used by ODM as a health and human services fund to support ALI 651525, and reduce GRF spending over the biennium. H.B. 110 requires ODM to transfer \$1.2 billion of the FY 2021 GRF balance to Fund 5SA4 for use by Medicaid in the FY 2022-FY 2023 biennium to offset the GRF spending in line item 651525, Medicaid Health Care Services. The funds transferred will consist of additional federal reimbursement received through FFCRA.

C1:13: Medicaid Services – HIC Fee (ALI 651684)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5TN0 ALI 651684, Medicaid Services – HIC Fee	\$720,318,109	\$991,000,000	\$951,000,000
% change	--	37.6%	-4.0%

This line item is used to reimburse health care providers for covered services to Medicaid recipients. Funding for line item 651684 comes from the Health Insuring Corporation Class Franchise Fee Fund (Fund 5TN0). Revenues are collected from the tax on all health insuring corporation (HIC) plans. The tax rate ranges from \$26 to \$56 per Medicaid member month, and \$1 to \$2 per non-Medicaid member month, with the rate varying based on the size of the

enrollment of each corporation. Revenue assumptions are based on projected member months. The federal match for expenditures from this line item is made from line item 651623, Medicaid Services – Federal.

C1:14: Improvements for Priority Populations (ALI 651694)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5XY0 ALI 651694, Improvements for Priority Populations	\$0	\$10,500,000	\$10,500,000
% change	--	N/A	0.0%

This new line item will be used to fund the state share required to establish the Ohio Invests in Improvements for Priority Populations (OIPP) Program as a directed payment program regarding inpatient and outpatient hospital services provided to Medicaid recipients enrolled in a Medicaid MCO plan. The budget stipulates several features of the program, including that state university-owned hospitals with fewer than 300 beds can receive payment directly (instead of through the contracted Medicaid MCO) for inpatient and outpatient services provided to Medicaid managed care enrollees, and that participating hospitals in the OIPP Program remit to ODM via intergovernmental transfer the nonfederal share of payment for those services.

H.B. 110 specifies that if receipts credited into the Hospital Directed Payment Program Fund (Fund 5XY0) exceed the amounts appropriated in this line item, the Medicaid Director may request the OBM Director to authorize additional expenditures from this line item. If any of these additional expenditures are authorized, the budget requires the OBM Director to adjust the corresponding federal appropriation items.

C1:15: Medicaid Services – Hospital Care Assurance Program (ALI 651649)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
6510 ALI 651649, Medicaid Services – Hospital Care Assurance Program	\$196,735,770	\$216,671,003	\$241,843,358
% change	--	10.1%	11.6%

This line item is to fund the state share of the Hospital Care Assurance Program (HCAP). The source of revenue for Fund 6510 is HCAP assessments from Ohio hospitals. Shortly after assessment revenue is received, it is disbursed back to hospitals using the HCAP formula. The federal share of HCAP expenditures is funded through federal line item 651623, Medicaid Services – Federal.

C1:16: Refunds and Reconciliation (ALI 651644)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
R055 ALI 651644, Refunds and Reconciliation	\$2,972,736	\$1,000,000	\$1,000,000
% change	--	-66.4%	0.0%

Revenue to the Refunds and Reconciliation Fund (Fund R055) is from checks received by ODM whose disposition cannot be determined at the time of receipt. Upon determination of the appropriate fund into which the check should have been deposited, a disbursement is made from this line item to the appropriate fund.

C1:17: Medicaid Services – Federal (ALI 651623)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
3F00 ALI 651623, Medicaid Services – Federal	\$7,588,876,324	\$11,004,684,967	\$8,661,585,383
% change	--	45.0%	-21.3%

This line item provides the federal share for certain Medicaid expenditures. Major activities in this line item include the federal share of nursing facility, hospital, prescription drug expenditures, and general Medicaid services. The primary source of revenue for Fund 3F00 is federal Medicaid reimbursement; however, it also includes Health Care Financing Research, Demonstrations, and Evaluations grants, as well as the federal share of drug rebates. In addition, the federal share of both the Hospital Franchise Fee Program and the Hospital Care Assurance Program (HCAP) is expended through this line item.

Many factors influence spending in this federal line item. First, the line item is affected by Medicaid caseloads, as well as the 6.2 percentage point increase in the FMAP. The increased FMAP will be received for the entirety of FY 2021 and it is anticipated to be received through the end of calendar year 2022, which includes the first half of FY 2022. Thus, the appropriation in FY 2022 is higher to support the receipt of these funds. The reason for the decrease in FY 2023 is primarily that no increased FMAP is anticipated during this fiscal year. Another perhaps larger factor impacting FY 2022 appropriation levels is the GRF transfer of \$1.2 billion into Fund 5SA4. The federal match for expenditures from Fund 5SA4 line item 651689, is made from this line item.

Category 2: Medicaid Administration

This category of appropriations provides funds for the administration of Medicaid programs.

C2:1: Medicaid Program Support – State (ALI 651425)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 651425, Medicaid Program Support – State	\$139,165,226	\$158,301,609	\$158,837,954
% change	--	13.8%	0.3%

This GRF line item is used to fund ODM's operating expenses. This line item provides the state share GRF for payroll, purchased personal services, conference fees, maintenance, and equipment, etc. The associated federal match is appropriated in line item 651624, Medicaid Program Support – Federal.

Expenditures in this line item were reduced in FY 2021 as part of COVID-19 budget restrictions. For FY 2022 and FY 2023, ODM will have a single PBM for Medicaid managed care plans, Gainwell Technologies. The administrative costs associated with the single PBM are shifted from GRF line item 651525, Medicaid Health Plans, to this line item. Prior to the single PBM implementation, pharmacy benefit management costs were included in MCO capitation rates, which is primarily paid out of line item 651525.

C2:2: Resident Protection Fund (ALI 651605)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
4E30 ALI 651605, Resident Protection Fund	\$3,864,181	\$7,000,000	\$7,000,000
% change	--	81.2%	0.0%

This line item is used to pay the costs of relocating residents to other facilities, maintaining or operating a facility pending correction of deficiencies or closure, and reimbursing residents for the loss of money managed by a facility. The source of funding for this line item is from fine revenues collected from facilities in which the Ohio Department of Health finds deficiencies. The fines collected are deposited into the Resident Protection Fund (Fund 4E30). Some of the funds deposited into this fund are transferred to the Department of Aging and used for ombudsmen-related activities. Ombudsmen advocate for people receiving home care, assisted living, and nursing home care and help resolve complaints about services.

C2:3: Medicaid Recoveries – Program Support (ALI 651685)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5DLO ALI 651685, Medicaid Recoveries – Program Support	\$24,997,108	\$98,332,700	\$80,747,100
% change	--	293.4%	-17.9%

This line item is used to pay costs associated with the administration of Medicaid. Revenues from a variety of sources including prescription drug rebates, Institutions for Mental Diseases Disproportionate Share (IMD DSH), third-party liability, hospital settlements, and other recoveries are deposited into the Health Care/Medicaid Support and Recoveries Fund (Fund 5DL0) to support this line item.

C2:4: Medicaid and Health Transformation Technology (ALI 651603)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
3ER0 ALI 651603, Medicaid and Health Transformation Technology	\$5,651,806	\$10,083,900	\$9,660,200
% change	--	78.4%	-4.2%

This line item is used for provider electronic health record (EHR) incentives and administrative costs related to the Health Information Technology (HIT) grant. EHR incentives are provided by CMS to health care providers to encourage their use of EHR technology in ways that can improve patient care. HIT grants are provided by the U.S. Department of Health and Human Services and are used to conduct projects that contribute to health information technology improvements.

C2:5: Medicaid Program Support – Federal (ALI 651624)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
3F00 ALI 651624, Medicaid Program Support – Federal	\$333,849,276	\$543,733,300	\$509,264,400
% change	--	62.9%	-6.3%

This line item is used for the Medicaid federal share of administrative costs. This line item may also be used to support various contracts. The state share for these activities is primarily provided from GRF line item 651425, Medicaid Program Support – State.

Appropriations are increased for FY 2022 due to two primary reasons. The first is the 6.2 percentage point increase in the FMAP. Increased FMAP will be received for the entirety of FY 2021 and is anticipated to be received through the end of calendar year 2021, which includes the first half of FY 2022. Second, expenditures for PBM were previously expended out of GRF line item 651525 as part of the managed care capitation rates. The federal reimbursement for spending from line item 651525 is deposited into the GRF as federal share and expended as such. As part of the move to a single PBM, ODM will pay for these services out of GRF line item 651425. Federal reimbursements for services paid from line item 651425 are received in FED Fund 3F00 line item 651624. Thus, these two factors explain the majority of the increase in FY 2022. Appropriations decrease in FY 2023 because Ohio will no longer be receiving the increased FMAP.

C2:6: Health Care Grants – Federal (ALI 651680)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
3FA0 ALI 651680, Health Care Grants – Federal	\$15,878	\$3,000,000	\$3,000,000
% change	--	18,794.1%	0.0%

This line item funds Medicaid Program initiatives stemming from the ACA. The spending level is based on the revenue received for various federal grants.

Category 3: Transfers**C3:1: Medicaid Interagency Pass Through (ALI 651655)**

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
3G50 ALI 651655, Medicaid Interagency Pass Through	\$213,758,298	\$241,692,200	\$241,692,200
% change	--	13.1%	0.0%

This line item is used to disburse federal reimbursement to other agencies for Medicaid-related expenditures they have made. Funding for this line item is through the Interagency Reimbursement Fund (Fund 3G50). The departments of Aging, Developmental Disabilities, Education, Health, Job and Family Services, and Mental Health and Addiction Services, and the State Board of Pharmacy assist ODM in administering certain Medicaid programs/services and receive federal reimbursements for doing so.

FY 2022 - FY 2023 Final Appropriations						All Fund Groups		
Line Item Detail by Agency			Appropriations			FY 2021 to FY 2022	Appropriations	FY 2022 to FY 2023
			FY 2020	FY 2021	FY 2022	% Change	FY 2023	% Change
Report For: Main Operating Appropriations Bill			Version: As Enacted					
MCD Department of Medicaid								
GRF	651425	Medicaid Program Support-State	\$ 149,748,742	\$ 139,165,226	\$ 158,301,609	13.75%	\$ 158,837,954	0.34%
GRF	651426	Positive Education Program Connections	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	0.00%	\$ 0	-100.00%
		Medicaid Health Care Services-State	\$ 3,525,731,926	\$ 4,158,794,722	\$ 3,873,221,271	-6.87%	\$ 5,363,449,603	38.48%
		Medicaid Health Care Services-Federal	\$ 10,586,261,762	\$ 12,738,232,027	\$ 10,675,590,808	-16.19%	\$ 13,176,728,743	23.43%
GRF	651525	Medicaid Health Care Services - Total	\$ 14,111,993,688	\$ 16,897,026,749	\$ 14,548,812,079	-13.90%	\$ 18,540,178,346	27.43%
GRF	651526	Medicare Part D	\$ 476,676,969	\$ 386,919,013	\$ 494,158,753	27.72%	\$ 590,346,922	19.47%
GRF	651529	Brigid's Path Pilot	\$ 500,000	\$ 500,000	\$ 1,000,000	100.00%	\$ 1,000,000	0.00%
GRF	651533	Food Farmacy Pilot Project	\$ 0	\$ 500,000	\$ 250,000	-50.00%	\$ 250,000	0.00%
	GRF - State		\$ 4,155,157,637	\$ 4,688,378,961	\$ 4,529,431,633	-3.39%	\$ 6,113,884,479	34.98%
	GRF - Federal		\$ 10,586,261,762	\$ 12,738,232,027	\$ 10,675,590,808	-16.19%	\$ 13,176,728,743	23.43%
General Revenue Fund Total			\$ 14,741,419,399	\$ 17,426,610,988	\$ 15,205,022,441	-12.75%	\$ 19,290,613,222	26.87%
4E30	651605	Resident Protection Fund	\$ 2,372,826	\$ 3,864,181	\$ 7,000,000	81.15%	\$ 7,000,000	0.00%
5AJ0	651631	Money Follows the Person	\$ 2,701,131	\$ 0	\$ 0	N/A	\$ 0	N/A
5AN0	651686	Care Innovation and Community Improvement Program	\$ 53,434,158	\$ 71,406,291	\$ 84,195,790	17.91%	\$ 82,970,165	-1.46%
5DL0	651639	Medicaid Services-Recoveries	\$ 733,137,225	\$ 398,859,227	\$ 552,500,000	38.52%	\$ 615,150,000	11.34%
5DL0	651685	Medicaid Recoveries-Program Support	\$ 28,042,641	\$ 24,997,108	\$ 98,332,700	293.38%	\$ 80,747,100	-17.88%
5DL0	651690	Multi-system Youth Custody Relinquishment	\$ 5,838,623	\$ 15,422,348	\$ 16,000,000	3.75%	\$ 16,000,000	0.00%
5FX0	651638	Medicaid Services-Payment Withholding	\$ 8,837,202	\$ 4,658,383	\$ 12,000,000	157.60%	\$ 12,000,000	0.00%
5GF0	651656	Medicaid Services - Hospital Franchise Fee	\$ 822,016,218	\$ 886,019,995	\$ 931,200,000	5.10%	\$ 980,800,000	5.33%
5R20	651608	Medicaid Services-Long Term	\$ 419,721,920	\$ 424,242,645	\$ 415,000,000	-2.18%	\$ 415,000,000	0.00%
5SA4	651689	Medicaid Health & Human Services	\$ 0	\$ 0	\$ 900,000,000	N/A	\$ 300,000,000	-66.67%
5TN0	651684	Medicaid Services-HIC Fee	\$ 834,564,060	\$ 720,318,109	\$ 991,000,000	37.58%	\$ 951,000,000	-4.04%
5XY0	651694	Improvements for Priority Populations	\$0	\$0	\$ 10,500,000	N/A	\$ 10,500,000	0.00%
6510	651649	Medicaid Services-Hospital Care Assurance Program	\$ 252,049,362	\$ 196,735,770	\$ 216,671,003	10.13%	\$ 241,843,358	11.62%
Dedicated Purpose Fund Group Total			\$ 3,162,715,366	\$ 2,746,524,057	\$ 4,234,399,493	54.17%	\$ 3,713,010,623	-12.31%
R055	651644	Refunds and Reconciliation	\$ 839,671	\$ 2,972,736	\$ 1,000,000	-66.36%	\$ 1,000,000	0.00%
Holding Account Fund Group Total			\$ 839,671	\$ 2,972,736	\$ 1,000,000	-66.36%	\$ 1,000,000	0.00%
3ER0	651603	Medicaid and Health Transformation Technology	\$ 8,799,031	\$ 5,651,806	\$ 10,083,900	78.42%	\$ 9,660,200	-4.20%
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FY 2022 - FY 2023 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2021 to FY 2022	Appropriations	FY 2022 to FY 2023
			FY 2020	FY 2021	FY 2022	% Change	FY 2023	% Change
MCD Department of Medicaid								
3F00	651623	Medicaid Services-Federal	\$ 6,599,506,395	\$ 7,588,876,324	\$ 11,004,684,967	45.01%	\$ 8,661,585,383	-21.29%
3F00	651624	Medicaid Program Support - Federal	\$ 322,759,917	\$ 333,849,276	\$ 543,733,300	62.87%	\$ 509,264,400	-6.34%
3FA0	651680	Health Care Grants-Federal	\$ 83,510	\$ 15,878	\$ 3,000,000	18,794.08%	\$ 3,000,000	0.00%
3G50	651655	Medicaid Interagency Pass Through	\$ 161,870,455	\$ 213,758,298	\$ 241,692,200	13.07%	\$ 241,692,200	0.00%
Federal Fund Group Total			\$ 7,093,019,307	\$ 8,142,151,582	\$ 11,803,194,367	44.96%	\$ 9,425,202,183	-20.15%
Department of Medicaid Total			\$ 24,997,993,743	\$ 28,318,259,362	\$ 31,243,616,301	10.33%	\$ 32,429,826,028	3.80%